

**Senate Rural and Regional Affairs and Transport Legislation Committee**  
ANSWER TO QUESTION ON NOTICE  
Budget Estimates May 2009  
**Infrastructure, Transport, Regional Development and Local Government**

**Question No.** ISTP 01

**Division/Agency:** Infrastructure and Surface Transport Policy

**Topic:** TFES Administrative Arrangements

**Hansard Page:** 141 (27/05/09)

**Senator ABETZ asked:**

**Senator ABETZ**—What motivated that?

**Mr Sutton**—It came out of the review process, which was initiated with the Productivity Commission Review back in 2005-06. As you may recall, that PC Review recommended quite major changes to the scheme. The Government announced last year that it would be leaving the parameters under which the funding assistance is determined unchanged to prevent significant falls in assistance. If the parameters of the policy under which the scheme was underpinned had been implemented, it would have resulted in significant reductions in overall expenditure under the scheme. The Government announced that it would be leaving the parameters intact; hence, preventing any reductions in assistance being provided. As part of that announcement, the Government indicated that there would be administrative reforms to the scheme considered so that the underlying parameters of the scheme would remain unchanged but that there would be consideration given to improving the transparency and accountability mechanisms under the scheme.

**Senator ABETZ**—For that purpose, a discussion paper was prepared.

**Mr Sutton**—That is correct.

**Senator ABETZ**—And that is dated 11 to 12 February 2009?

**Mr Sutton**—That was a paper that certainly looked at some possible administrative changes, and we used it as the basis for consultations with stakeholders in Tasmania.

**Senator ABETZ**—So, the Department developed that?

**Mr Sutton**—We did.

**Senator ABETZ**—The purpose of developing that paper was for consultations?

**Mr Sutton**—That is correct.

**Senator ABETZ**—Was that discussion paper approved by the Minister prior to its circulation?

**Mr Sutton**—I cannot recall the specifics. The Minister's office was certainly aware that the paper was under development.

**Senator ABETZ**—Under development? Was the Minister's office aware that this final version had been prepared and was going to be circulated and sent for consultation?

**Mr Sutton**—I would have to check on that. I cannot recall the specifics of the process. The paper was a consultation paper. It did not contain any final positions or decisions on the part of the Government. It was to be used in assisting final briefing.

**Answer:**

A search of the Department's files indicates that the Minister's office was not provided with a copy of the discussion paper, 'Tasmanian Freight Equalisation Scheme (TFES) Administrative Reform – Discussions 11-12 Feb 09'.

**Senate Rural and Regional Affairs and Transport Legislation Committee**  
ANSWER TO QUESTION ON NOTICE  
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**Question No.** ISTP 02

**Division/Agency:** Infrastructure and Surface Transport Policy

**Topic:** TFES Administrative Arrangements

**Hansard Pages:** 141-142 (27/05/09)

**Senator ABETZ asked:**

**Senator ABETZ**—To whom has this document been circulated?

**Mr Sutton**—It was circulated to a range of people with a key interest in possible administrative reforms. We were discussing it with people like freight forwarders, logistics carriers—

**Senator ABETZ**—Are you able to give us a list of to whom it was sent?

**Mr Sutton**—Yes, we could certainly do that.

**Senator ABETZ**—In rough terms, how many do you think it was sent out to?

**Mr Sutton**—I would have to take that on notice.

**Answer:**

The discussion paper ‘Tasmanian Freight Equalisation Scheme (TFES) Administrative Reform – Discussions 11-12 Feb 09’ was provided to four companies. This occurred at meetings held in Launceston during February 2009. On 11 February 2009, it was given to ANL Container Line Pty Ltd, Toll Tasmania and Linfox Logistics Tasmania. On 12 February 2009, it was given to Net Sea Freight – Tasmania Pty Ltd.

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**Question No.** ISTEP 03

**Division/Agency:** Infrastructure and Surface Transport Policy

**Topic:** TFES Administrative Arrangements

**Hansard Page:** 142 (27/05/09)

**Senator ABETZ asked:**

**Senator ABETZ**—Thank you. The discussion paper does have a questionnaire in it. Is that correct? It asks questions?

**Mr Sutton**—It certainly asks questions.

**Senator ABETZ**—Which it encourages people to respond to.

**Mr Sutton**—Yes, indeed.

**Senator ABETZ**—How many have responded?

**Mr Sutton**—Again, I would have to take that on notice. We certainly received some responses to the paper.

**Senator ABETZ**—Once again, an indicative figure?

**Mr Sutton**—I would not like to guess on that, sorry. I will have to take that one on notice.

**Answer:**

Two stakeholders responded verbally and two responded both verbally and in writing.

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**Question No.** ISTP 04

**Division/Agency:** Infrastructure and Surface Transport Policy

**Topic:** TFES Administrative Arrangements

**Hansard Page:** 142 (27/05/09)

**Senator ABETZ asked:**

**Senator ABETZ**—Would the responses have gone over your desk?

**Mr Sutton**—We have a standard response line—an email box—that they come into. I was certainly aware of some of them, but I would have to take on notice the full number of responses that were received.

**Senator ABETZ**—I accept that, but I was seeking an indicative number. Have any companies or individuals been interviewed face-to-face about this discussion paper?

**Mr Sutton**—Yes. As part of the process, we saw it as important to have face-to-face meetings with people who we knew had a strong interest in the scheme and were able to offer insights into the operation of the scheme that would assist us in framing advice for the Minister on the changes.

**Senator ABETZ**—Are you able to tell us how many you have had face-to-face interviews with?

**Mr Sutton**—Again, sorry, I was not involved in all of the discussions. I would have to take that on notice.

**Senator ABETZ**—If you could and, if you are able to, a list of those people with whom face-to-face interviews have been conducted.

**Mr Sutton**—Yes.

**Answer:**

Face-to-face meetings were held in Launceston during February 2009 with representatives from ANL Container Line Pty Ltd, Toll Tasmania and Linfox Logistics Tasmania on 11 February 2009; and Net Sea Freight – Tasmania Pty Ltd on 12 February 2009.

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**Question No.** ISTP 05

**Division/Agency:** Infrastructure and Surface Transport Policy

**Topic:** TFES Administrative Arrangements

**Hansard Pages:** 142-143 (27/05/09)

**Senator ABETZ asked:**

**Senator ABETZ**—It has been two months since that official date of 13 March. Have recommendations gone to the Minister as a result of the discussion paper and the consultations?

**Mr Sutton**—Not at this stage.

**Senator ABETZ**—So, nothing has gone forward to the Minister's office?

**Mr Sutton**—Not at this stage. We are in the process of finalising briefing.

**Senator ABETZ**—All right.

**Mr Sutton**—I should explain: the consultations are to assist in revising the Ministerial directions. The program is not administered under a piece of legislation; it is administered under a set of Ministerial directions. This process is about feeding into a redrafting of the Ministerial directions flowing from the Government's announcement last year and also the administrative issues that were identified in the PC Report. So, we are in the process of finalising some initial advice to the Minister on those changes to the Ministerial directions.

**Senator ABETZ**—Do you have anybody with you this evening who could in fact give us a better idea of some of the numbers involved with questionnaires and who was interviewed?

**Mr Sutton**—No, I am afraid not.

**Senator ABETZ**—Nobody?

**Mr Sutton**—We will have to take that on notice.

**Answer:**

Answered at ISTP 02.

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**Question No.** ISTP 06

**Division/Agency:** Infrastructure and Surface Transport Policy

**Topic:** TFES Administrative Arrangements

**Hansard Page:** 143 (27/05/09)

**Senator ABETZ asked:**

**Senator ABETZ**—When was the first visit undertaken in relation to this discussion paper?

**Mr Sutton**—Again, I would have to take that on notice. I do not recall the detail of when those meetings and discussions took place.

**Answer:**

Answered at ISTP 02.

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**Question No.** ISTP 07

**Division/Agency:** Infrastructure and Surface Transport Policy

**Topic:** TFES Administrative Arrangements

**Hansard Pages:** 143-144 (27/05/09)

**Senator ABETZ asked:**

**Senator ABETZ**—Would you agree with me, at least in principle, that you would have had a more worthwhile, valuable exercise and undertaking if you had at least faxed or even emailed the discussion paper, even 24 hours beforehand, rather than turning up and saying, ‘Here’s a discussion paper,’ which they had not been pre-warned about and discussed?

**Mr Sutton**—I would like to go back and check on the specifics of the situation.

**Senator Conroy**—I think you are asking the officers to comment on speculation rather than a question, Senator Abetz. I am sure if you refine your question—

**Senator ABETZ**—No, it is not speculation. They either deny the circumstance or accept the circumstance. It is not speculation. Something like this either happened or did not happen. I have been told that it did happen. If the evidence is that it did not happen, we cannot take it any further. It is not an issue of speculation or a hypothetical situation.

**Senator Conroy**—You are asking them to confirm something that in your opinion happened.

**Senator ABETZ**—This is not an opinion.

**Senator Conroy**—You have tried on a number of occasions—

**Senator ABETZ**—You will have to go away sometime, Minister, and understand the difference between putting a proposition to a witness and asking for an opinion from a witness. It is like: ‘The allegation is that Senator Colbeck went through a red traffic light. Are you able to confirm that you saw that happen?’ It is not speculation. He either saw it or he did not, and he tells us accordingly. Similarly with this, I have been told, right or wrong, that an officer or officers came along to one of these people that was interviewed and said, ‘Here’s a discussion paper. Let’s go through it now,’ without any prior warning that a discussion paper was going to be discussed at this meeting or questions were going to be asked. Right? That is the allegation. Take it on notice and tell us whether that did occur. If it did occur, I would like to know why it occurred, because I would have thought, in general terms, it is better practice to give people the benefit of what was, I think, a fairly tightly typed four-page document.

**Senator Conroy**—As you have indicated, we will take that on notice.

**Senator ABETZ**—Thank you very much.

**Senator Conroy**—I do think the *Hansard* will bear out that again, even though you believed you were putting a proposition, you actually used the words ‘would you not agree’, which is—

**Senator ABETZ**—Yes, ‘Would you not agree that it is better practice to undertake an interview on a discussion paper after’—

**Senator Conroy**—No, that is asking an opinion. But we have taken it on notice and we can move on.

**Answer:**

Answered at ISTP 02.

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**Question No.** ISTEP 08

**Division/Agency:** Infrastructure and Surface Transport Policy

**Topic:** TFES Administrative Arrangements

**Hansard Page:** 144 (27/05/09)

**Senator ABETZ asked:**

**Senator ABETZ**—We will accept that as the Labor Party's approach to community consultation. Can I ask you to confirm that, in fact, a Mr Peter Heyne flew to Tasmania, or is he Tasmanian-based?

**Mr Sutton**—No, he is based in Canberra. He is part of my Branch.

**Senator ABETZ**—He went to Tasmania to discuss this issue with Net Sea Freight Tasmania Pty Ltd?

**Mr Sutton**—I can confirm that.

**Senator ABETZ**—Yes, and he visited them on 12 February 2009.

**Mr Sutton**—I cannot confirm the specific date, but I am fairly confident it was around that time, yes.

**Senator ABETZ**—Which of course is the same date the discussion paper bears, which is 11 to 12 February 2009. I assume it bears that date because that is when the discussion paper was finalised.

**Mr Sutton**—That would be a reasonable assumption. I will confirm that.

**Answer:**

Answered at ISTEP 02.



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**Question No.** ISTP 09

**Division/Agency:** Infrastructure and Surface Transport Policy

**Topic:** TFES Administrative Arrangements

**Hansard Pages:** 144-145 (27/05/09)

**Senator ABETZ asked:**

**Senator ABETZ**—If I am doing it justice, what Net Sea Freight have indicated to me is that a different pretext was given for the meeting and they were ready for that meeting. The issue for which the meeting was actually called was not discussed, but this discussion paper was placed on the table and the people from Net Sea Freight were asked to comment on it. If that is the case—and I have been around long enough to accept that there are two sides to a story—then I respectfully suggest that that is not a good way to do business. Mr Heyne is not here to defend himself, so I do not want to put that as an absolute given on the *Hansard* record. I accept there might be a different version of events, but I would like a detailed answer in relation to whether telephone calls were made or emails sent to Net Sea Freight setting up this 12 February appointment and what reasons were given for the seeking of that appointment with Net Sea Freight Tasmania.

**Mr Tongue**—Senator, could I dive in here? I am a little bit cautious about one of our more junior officers engaging with stakeholders here. With the best will in the world, as you say, sometimes two people can have a conversation and take different things out of it. We will endeavour to answer the thrust of your questions, but none of us were privy to the conversation—

**Senator ABETZ**—That is right.

**Mr Tongue**—and I would be cautious too. I do not think Mr Sutton has described a sinister process, or a closed process where we have been driving to some outcome that would disadvantage a particular stakeholder. I think it has been a fairly open process.

**Senator ABETZ**—I am not sure I have even hinted at that, but it is interesting that you should feel constrained or required to make that comment.

**Mr Tongue**—Well, I think an external observer might draw from this line of questioning that something happened that should not have happened, and I do not think we have established that. But we will endeavour to answer your questions as openly as we can.

**Senator ABETZ**—I have agreed with you that nothing has been established, and that is why I have been at pains to indicate that I accept that there are always two sides to a story.

**Mr Tongue**—I appreciate that, Senator.

**Senator ABETZ**—And that is why I was wanting Mr Heyne's version of events, but a detailed version of events. If I could ask for that, please, that would be very helpful. Who else was visited by Mr Heyne on 12 February in Tasmania?

**Mr Sutton**—We will provide a list of the people who have been consulted in relation to the paper.

**Senator ABETZ**—No, the question was: on this particular day, 12 February 2009, who else was consulted with in Tasmania by Mr Heyne?

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**Mr Sutton**—We will provide an answer to that question.

**Senator ABETZ**—Here specifically?

**Senator Conroy**—Can I just again stress—and I know you have already acknowledged this, Senator Abetz—that the advice to government has not even been finalised yet. I just wanted to stress that again.

**Senator ABETZ**—You can stress it 100 times but it is not going to take us any further in these estimates, Senator Conroy. Could Mr Heyne advise us what reason he stated or provided to Net Sea Freight for the purpose of this visit. Thank you. That completes my questions.

**Answer:**

The Department met with representatives of four companies in Launceston during February 2009. Meetings were held with: ANL Container Line Pty Ltd, Toll Tasmania, Linfox Logistics Tasmania on 11 February, and Net Sea Freight – Tasmania Pty Ltd on 12 February 2009.

Net Sea Freight – Tasmania Pty Ltd was initially contacted by email on 20 January 2009, and invited to meet with Departmental representatives on 12 February 2009.

The invitation noted the Government's 6 November 2008 announcement on the Tasmanian Freight Schemes and that administrative changes designed to improve and strengthen the accountability of the schemes were being explored. The invitation indicated the Department was informally seeking Tasmanian transport industry input on a range of administrative issues.

On 21 January and 6 February 2009, Net Sea Freight – Tasmania Pty Ltd emailed the Department and confirmed it would meet with Departmental representatives on 12 February 2009.

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**Question No.** ISTP 10

**Division/Agency:** Infrastructure and Surface Transport Policy

**Topic:** TFES Administrative Arrangements

**Hansard Page:** 146 (27/05/09)

**Senator COLBECK asked:**

**Senator COLBECK**—The paper was relatively well targeted at issues that you would like to address. I have seen the paper, so I understand that. But there were not any additional things that came out of it that you did not expect to see?

**Mr Sutton**—No, I suppose because this whole set of issues, as you are well aware, was considered in depth by the Productivity Commission several years ago. Since the PC Review, we have certainly been consulting further, but I do not think there have been any new issues identified apart from the ones that were in the PC Report.

**Senator COLBECK**—Is the Government considering any other changes to the scheme at this point in time?

**Senator Conroy**—I think that is a matter for government. I will take it on notice.

**Senator ABETZ**—So it is not denied?

**Senator COLBECK**—So you are not denying that you are considering changes? There is a serious matter in the marketplace and I am just asking whether you are going to do that?

**Senator Conroy**—I am happy to take that on notice and come back to you.

**Senator COLBECK**—I have another issue that is live, which Mr Sutton has—

**Senator Conroy**—I am not saying we are not going to answer. I am saying that that is rightfully a question for the Minister.

**Senator COLBECK**—It is also a good way to stop giving an answer until after a decision is made, so that you can announce it as a surprise. I have been to Estimates before.

**Senator Conroy**—We will take that on notice.

**Answer:**

The Government's position on the Tasmanian Freight Equalisation Scheme can be found at Media Release AA164/2008 dated 6 November 2008.

[http://www.minister.infrastructure.gov.au/aa/releases/2008/november/AA164\\_2008.htm](http://www.minister.infrastructure.gov.au/aa/releases/2008/november/AA164_2008.htm)

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**Question No.:** ISTP 11

**Division/Agency:** Infrastructure and Surface Transport Policy

**Topic:** TFES Administrative Arrangements

**Hansard Page:** Written Question

**Senator Brown asked:**

Please list the Tasmanian companies that use the Freight Equalisation Scheme as part of their transport activities to/from Tasmania.

**Answer:**

The system that supports the operations of the Tasmanian Freight Equalisation Scheme does not allow the ready disaggregation of Tasmanian companies from other companies or from individuals.